



## WITHHOLDING EXEMPTION CERTIFICATE

## FOR EMPLOYEE'S USE

READ INSTRUCTIONS ON REVERSE SIDE BEFORE FILLING OUT THIS WITHHOLDING EXEMPTION CERTIFICATE

Fill out this form and file it with your employer. Otherwise, said employer is required by the Puerto Rico Internal Revenue Code of 1994, as amended (Code), to withhold your income tax without taking into account your personal exemption, exemption for dependents and allowance based on deductions.

ANY CHANGES IN THE PERSONAL EXEMPTION, THE NUMBER OF DEPENDENTS OR THE ALLOWANCE BASED ON DEDUCTIONS, REQUIRE THE FILING OF AN AMENDED CERTIFICATE.

Employee's name	Employee's social security number
Spouse's name	Spouse's social security number
Postal address	Home address

A. PERSONAL EXEMPTION	Complete	Half	None
1. Single or married person not living with spouse			
2. Married person			
3. Head of household			

## B. EXEMPTION FOR DEPENDENTS

NUMBER OF DEPENDENTS: \_\_\_\_\_

C. ALLOWANCE BASED ON DEDUCTIONS	Automatic Method		Optional Method
	Complete	None	
1. Private business employee			
2. Governmental employee *			

\* If you are a governmental employee, you must make a check mark to indicate if you participate in any of the following programs:

☐ Retirement Withholding Supplementary Plan

☐ Retirement Savings Accounts Program (Indicate the percentage that you elected as contribution \_\_\_\_\_%)

## D. OPTIONAL COMPUTATION OF TAX

If you select the optional computation of tax in the case of married individuals living together, filing a joint return and both working, check here (See instructions) ..... ☐

## OATH

I HEREBY CERTIFY that the personal exemption, exemption for dependents and the allowance based on deductions claimed herein, for purposes of withholding of income tax from wages, do not exceed the amount that I am entitled to claim in the income tax return, according to the Code.

\_\_\_\_\_  
Employee's signature

\_\_\_\_\_  
Date

## FOR EMPLOYER'S USE

Indicate the number of allowances according to the method selected by the employee in Part C: \_\_\_\_\_

(See instructions on back)

## INSTRUCTIONS

The Withholding Exemption Certificate (Form 499 R-4.1) is the document used by employees to notify his/her employer of the personal exemption, exemption for dependents and the allowance based on deductions. These three factors are considered to determine the income tax to be withheld from the employee's wages.

The employee shall complete the upper part of the form, indicating his/her name, social security number, postal and home address. If married, indicate your spouse's name and social security number.

Also, you shall indicate with an "X" in Part A your option regarding the personal exemption that you want to claim to determine the withholding from wages. Enter in Part B the number of dependents claimed, and in Part C your choice with respect to the allowance based on deductions. In Part D indicate if you elect the optional computation of tax in the case of married individuals living together, filing a joint return and both working (*optional computation of tax*), as provided in Section 1011(d) of the Puerto Rico Internal Revenue Code of 1994, as amended (Code).

### PART A - PERSONAL EXEMPTION

Indicate the personal exemption that your employer will consider to determine the income tax to be withheld.

**Line 1** - A single person, or married not living with spouse, may claim or not the personal exemption. If you want to claim the complete personal exemption, mark the column titled "Complete". On the other hand, if you choose to claim no exemption at all, you may do so by marking the column titled "None". A single person or married not living with spouse, cannot divide in two halves his/her personal exemption.

**Line 2** - Married couples are entitled to only one personal exemption, therefore, each spouse cannot claim the complete personal exemption. If you are a married person, and both spouses receive wages subject to withholding of income tax at source, both of you should agree on how to claim the personal exemption and shall mark the corresponding column. If the married couple determine that only one of them will request the complete personal exemption, such spouse shall mark the column titled "Complete". In such case, the other spouse shall mark the column titled "None". If you agreed with your spouse to divide the personal exemption in half, indicate so marking the column titled "Half". If you do not want to claim the personal exemption, mark the column titled "None".

**Line 3** - As in the case of a single person, a head of household has two alternatives: claim the complete personal exemption or claim no personal exemption at all.

### PART B - EXEMPTION FOR DEPENDENTS

Indicate the number of dependents claimed. It shall be the same as the number that you will claim as dependents in your income tax return.

In the case of an employee who elected the *optional computation of tax*, the exemption for dependents will be 50% of the total amount provided in Section 1025 of the Code, since in such cases each spouse is entitled to claim only half of the exemption for dependents, as provided in Section 1011(d) of the Code.

The Code provides that every employer who receives an exemption certificate from an employee in which the **number of dependents claimed exceeds 8**, shall submit a copy of such certificate to the Secretary of the Treasury, as well as a copy of any written statement received from the employee to support the information contained in the certificate.

### PART C - ALLOWANCE BASED ON DEDUCTIONS

You are entitled to certain allowances based on deductions which your employer shall consider to determine the amount of income tax to be withheld.

The following two methods are provided in order to determine the number of allowances:

- (1) automatic method
- (2) optional method

Under the **automatic method**, the number of allowances is determined as follows:

- (1) If you are a private business employee, your employer will divide the amount of the optional standard deduction to which you are entitled by \$500.
- (2) If you are a governmental employee, your employer shall consider the governmental pension or retirement plan to which you make contributions, if any:

- \* If you make contributions to the governmental pension or retirement plan, your employer shall add 8.275% of your annual wages, to the optional standard deduction to which you are entitled. Then, the employer will divide that total by \$500.
- \* If you opted for the retirement supplementary plan, your employer will add to the optional standard deduction 5.775% of your monthly wages up to \$550 and 8.275% of your monthly wages in excess of such amount (on an annual basis). Then, the employer will divide that total by \$500.
- \* On the other hand, if the governmental employee makes contributions through the Retirement Savings Accounts Program, your employer must add 8.275%, 9%, 9.5%, or 10% (as your option) of your annual wages, to the optional standard deduction to which you are entitled. Then, your employer will divide that total by \$500.

The amount of the optional standard deduction allowable under the Code is:

Married living with spouse.....	\$3,150
Married living with spouse filing separated returns .....	\$1,575
Single or married not living with spouse .....	\$2,100
Head of household.....	\$2,730

If the governmental employee does not make contributions to a governmental pension or retirement plan, the number of allowances will be determined in the same way as in the case of private business employees.

When both spouses receive wages subject to withholding and select the automatic method, they must choose which of the spouses will select the optional standard deduction in order to determine the number of allowances. Nevertheless, if the married couple file a joint return and elected the *optional computation of tax*, when determining the number of allowance based on deductions, each spouse will claim the standard deduction provided in Section 1023(aa)(1)(D) of the Code, that is, \$1,575.

Under the **optional method**, the number of allowances shall be determined as follows:

The total of itemized and additional deductions which you estimate you are entitled to claim will be divided by \$500. The estimate of the deductions shall be made in form "Determination of Allowance Based on Deductions under the Optional Method" (Form 499 R-4B), which shall be filed with your employer.

Any fraction obtained as a result of this calculation in excess of 50%, shall be considered as an additional allowance.

In the case of a married person living with spouse, where both elect the optional method, they are entitled to determine the allowances based on their combined salaries and deductions. They may divide the total allowances based on complete allowances. However, any allowance claimed by one spouse, cannot be claimed by the other spouse.

Nevertheless, if the married couple file a joint return, elect the *optional computation of tax*, and use this optional method to determine the allowance based on deductions, the number of allowances shall be determined by dividing the deductions among the spouses, as provided by Section 1011(d) of the Code. That is, the itemized deductions shall be attributed to each spouse on a 50% basis of the total, and the additional deductions shall be allowed to the spouse to whom they individually correspond, to the extent and subject to the provisions of subsection (bb) of Section 1023 of the Code.

### EMPLOYERS USING THE WAGE BRACKET METHOD

If the employer uses the withholding Wage Bracket Method, the number of allowances based on deductions under both the automatic or optional method, shall be determined by dividing the deductions by \$2,500. For this purpose, only integer multiples of \$2,500, and not the resulting fractions, will be considered.

### PART D - OPTIONAL COMPUTATION OF TAX

For taxable years commencing after December 31, 2007, Section 1011(d) of the Code provides an optional computation of tax in the case of married individuals living together, filing a joint return and both working. An employee who elects to determine his/her tax using this computation, shall notify the same to his/her employer by checking the box provided in this part.